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**DR. ABDUL RASHID BALUCH SENTENCED TO FIVE YEARS IN PRISON
FOR HEALTH CARE FRAUD AND MONEY LAUNDERING CHARGES**

(MIDLAND, TEXAS) This afternoon, 53-year-old **ABDUL RASHID BALUCH** was sentenced in federal court to five years imprisonment following his guilty pleas to one count of health care fraud and one count of money laundering. Baluch was ordered to pay back \$4,072,766 to the government insurance programs he defrauded. Baluch will remain in United States Marshal custody until his transfer to a Bureau of Prison facility.

Baluch, a physician, owned and operated the Malone and Hogan Clinic located in Big Spring, Texas, since 1997. Baluch came up with a scheme to defraud federally-funded health care programs such as Medicare, Medicaid, and Federal Employees Health Benefits Program (FEHBP). Baluch's scheme was to electronically file medical claim forms to these programs through interstate commerce, including to the Medicaid office in Austin. On these forms, Baluch claimed that he performed 150 to 180 of a particular allergy test when in fact he performed no more than 50 of another allergy test for which Medicaid and Medicare did not provide any benefits. To further his scheme, Baluch prepared phony progress notes regarding the false allergy tests in case Medicaid or Medicare requested supporting documentation when reviewing the respective false claims.

On at least one occasion, Baluch unnecessarily forced a patient against her will to submit to a series of allergy tests in order for the patient to receive prescription refills. Baluch required this unnecessary testing in order for him to fraudulently bill Medicaid for unnecessary allergy tests. The allergy tests were painful and subjected the patient to the remote possibility of severe reactions, such as abnormal heart rhythms, shortness of breath, severe rashes, swelling, and even death.

Additionally, Baluch had his staff randomly select 13 to 15 patient files per week and instructed his staff to create false "phantom" billings despite the fact that Baluch had not seen and did not treat these patients on the date he claimed. Baluch did this in order to fraudulently receive payments from Medicaid for services and treatment that he never provided. Furthermore, upon submission of the claim, Baluch would instruct his staff to create false test results and false documentation including progress notes in order to conceal from Medicaid investigators and auditors his fraudulent billing activity. During the time frame specified, Baluch submitted claims for reimbursement on these "phantom" billings to Medicaid for approximately \$1,306,448.

Baluch attempted to profit by these schemes by fraudulently claiming \$9,30,000. The actual loss amount to Medicaid was \$3,217, 028. The actual loss amount to FEHBP was \$60,472. The actual loss amount to Medicare was \$795,296. The total actual loss amount was \$4,072,766

After receiving these proceeds obtained by health care fraud, Baluch would then use these illegal proceeds to pay bills and employee salaries to further promote and carry on the continued operation, both illegal and legal, of his clinic. Baluch's ongoing health care fraud at the clinic could not have continued without the use of the illegal proceeds to keep this business in operation. Baluch also would write checks to employees and have them cash the checks and return most of the money to Baluch. He did this in order to conceal and disguise the source and the ownership of the proceeds of this health care fraud.

Besides the prison time and the restitution, Baluch was also sentenced to serve three years of supervised release following his incarceration. Baluch was ordered to pay \$200 to Crime Victim Fund.

The criminal case was initially brought to the United States Attorney's Office in Midland by the Texas Rangers and the Big Spring Police Department. The health care fraud and money laundering case was then begun by the health care fraud task force made up of the Texas Attorney General's Medicaid Fraud Unit, the U.S. Office of Personnel Management Inspector General's Office, and the Federal Bureau of Investigation. Also assisting in the investigation was the U.S. Food and Drug Administration, the Drug Enforcement Administration, the Texas Department of Public Safety, and the Texas Office of Attorney General's Internet Bureau.

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